

# Senate File 2070 - Introduced

SENATE FILE \_\_\_\_\_  
BY HOGG

Passed Senate, Date \_\_\_\_\_ Passed House, Date \_\_\_\_\_  
Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_ Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_  
Approved \_\_\_\_\_

## A BILL FOR

1 An Act relating to renewable energy production by establishing an  
2 electricity renewable energy standard, and making specified  
3 tax credits applicable.  
4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:  
5 TLSB 5148XS 82  
6 rn/rj/5

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1 1 Section 1. Section 476.44, subsection 2, Code 2007, is  
1 2 amended to read as follows:  
1 3 2. ~~An electric utility subject to this division, except a~~  
~~1 4 utility that elects rate regulation pursuant to section~~  
~~1 5 476.1A, shall not be required to own or purchase, at any one~~  
~~1 6 time, more than its share of one hundred five megawatts of~~  
~~1 7 power from alternative energy production facilities or small~~  
~~1 8 hydro facilities at the rates established pursuant to section~~  
~~1 9 476.43. The board shall allocate the one hundred five~~  
~~1 10 megawatts based upon each utility's percentage of the total~~  
~~1 11 Iowa retail peak demand, for the year beginning January 1,~~  
~~1 12 1990, of all utilities subject to this section. If a utility~~  
~~1 13 undergoes reorganization as defined in section 476.76, the~~  
~~1 14 board shall combine the allocated purchases of power for each~~  
~~1 15 utility involved in the reorganization.~~  
1 16 Notwithstanding the one hundred five megawatt maximum, the  
1 17 board may increase the amount of power that a utility is  
1 18 required to own or purchase at the rates established pursuant  
1 19 to section 476.43 if the board finds that a utility, including  
1 20 a reorganized utility, exceeds its 1990 Iowa retail peak  
1 21 demand by twenty percent and the additional power the utility  
1 22 is required to purchase will encourage the development of  
1 23 alternate energy production facilities and small hydro  
1 24 facilities. The increase shall not exceed the utility's  
1 25 increase in peak demand multiplied by the ratio of the  
1 26 utility's share of the one hundred five megawatt maximum to  
1 27 its 1990 Iowa retail peak demand.  
1 28 a. An electric utility shall produce or purchase at least  
1 29 the following percentages of its total annual Iowa retail  
1 30 electric sales from alternate energy production facilities or  
1 31 small hydro facilities:  
1 32 (1) By December 31, 2014, fourteen percent.  
1 33 (2) By December 31, 2020, twenty percent.  
1 34 (3) By December 31, 2025, twenty-five percent.  
1 35 b. Amounts produced or purchased in excess of the required  
2 1 percentages in paragraph "a" may be sold or exchanged between  
2 2 electric utilities for purposes of satisfying the  
2 3 requirements, subject to procedures as determined by the board  
2 4 by rule.  
2 5 c. Of the total amounts of electricity to be produced or  
2 6 purchased from alternate energy production facilities or small  
2 7 hydro facilities required by paragraph "a", designated amounts  
2 8 of electricity shall be derived from specified alternative and  
2 9 renewable energy sources, as follows:  
2 10 (1) Three hundred fifty megawatts shall be produced or  
2 11 purchased from community-owned renewable energy projects,  
2 12 pursuant to definition and criteria to be determined by the  
2 13 board by rule, by 2014. The amount required to be produced or  
2 14 purchased from community-owned renewable energy projects shall  
2 15 increase to five hundred megawatts by 2020, and to six hundred  
2 16 twenty-five megawatts by 2025, and be maintained each year  
2 17 thereafter.  
2 18 (2) Eighty megawatts shall be produced or purchased from a  
2 19 sustainable, closed-loop biomass conversion facility, as

2 20 defined in section 476C.1, by 2014, and maintained each year  
2 21 thereafter.

2 22 (3) Twenty megawatts shall be produced or purchased from a  
2 23 methane gas recovery facility, as defined in section 476C.1,  
2 24 by 2014, and maintained each year thereafter.

2 25 (4) Five megawatts shall be produced or purchased from a  
2 26 solar energy conversion facility, as defined in section  
2 27 476C.1, by 2014, and maintained each year thereafter. An  
2 28 electric utility which maintains a solar energy utilization  
2 29 project with which the electric utility is involved on July 1,  
2 30 2008, may allocate megawatts derived therefrom in satisfying  
2 31 this requirement.

2 32 d. Projects originated or utilized for the purpose of  
2 33 meeting the requirements of paragraph "c", subparagraphs (2)  
2 34 through (4), shall be eligible for the renewable energy tax  
2 35 credit pursuant to chapter 476C, and the maximum capacity  
3 1 restrictions of section 476C.3, subsection 4, shall not be  
3 2 applicable to a facility determined to be eligible pursuant to  
3 3 that section and supplying electricity produced or purchased  
3 4 by a utility in satisfaction of the alternative and renewable  
3 5 energy percentage purchase requirements of this section.

3 6 Sec. 2. Section 476C.3, subsection 4, Code 2007, is  
3 7 amended to read as follows:

3 8 4. a. The maximum amount of nameplate generating capacity  
3 9 of all wind energy conversion facilities the board may find  
3 10 eligible under this chapter shall not exceed one hundred  
3 11 eighty megawatts of nameplate generating capacity. The  
3 12 maximum amount of energy production capacity equivalent of all  
3 13 other facilities the board may find eligible under this  
3 14 chapter shall not exceed a combined output of twenty megawatts  
3 15 of nameplate generating capacity and one hundred sixty-seven  
3 16 billion British thermal units of heat for a commercial  
3 17 purpose. Of the maximum amount of energy production capacity  
3 18 equivalent of all other facilities found eligible under this  
3 19 chapter, fifty-five billion British thermal units of heat for  
3 20 a commercial purpose shall be reserved for an eligible  
3 21 facility that is a refuse conversion facility for processed,  
3 22 engineered fuel from a multicounty solid waste management  
3 23 planning area. The maximum amount of energy production  
3 24 capacity the board may find eligible for a single refuse  
3 25 conversion facility is fifty-five billion British thermal  
3 26 units of heat for a commercial purpose.

3 27 b. The maximum amount of energy production capacity  
3 28 limitations specified in paragraph "a" shall not be applicable  
3 29 to an eligible facility supplying electricity produced or  
3 30 purchased in satisfaction of the alternative and renewable  
3 31 energy percentage purchase requirements contained in section  
3 32 476.44, subsection 2.

#### 3 33 EXPLANATION

3 34 This bill relates to alternative and renewable energy  
3 35 production.

4 1 The bill requires electric utilities to produce or purchase  
4 2 increasing percentages of their total annual Iowa retail  
4 3 electric sales from alternative energy production facilities  
4 4 or small hydro facilities, as defined in Code section 476.42,  
4 5 by specified dates, and provides that amounts produced or  
4 6 purchased in excess of the percentage requirements may be sold  
4 7 or exchanged between utilities pursuant to procedures  
4 8 determined by the Iowa utilities board by rule.

4 9 The bill provides that out of the production or purchase  
4 10 requirements, designated amounts of electricity shall be  
4 11 derived from specified sources of alternative and renewable  
4 12 energy sources. Specifically, 350 megawatts are required to  
4 13 be produced or purchased from community-owned renewable energy  
4 14 projects, pursuant to a definition of such projects and  
4 15 criteria relating to them as determined by the board by rule,  
4 16 by 2014, and increased to 500 megawatts by 2020 and 625  
4 17 megawatts by 2025 and maintained each year thereafter.  
4 18 Additionally, 80 megawatts must be produced or purchased from  
4 19 a sustainable, closed-loop biomass conversion facility by 2014  
4 20 and maintained each year thereafter; 20 megawatts must be  
4 21 produced or purchased from a methane gas recovery facility by  
4 22 2014 and maintained each year thereafter; and 5 megawatts must  
4 23 be produced or purchased from a solar energy conversion  
4 24 facility and maintained each year thereafter. The bill  
4 25 references Code section 476C relating to alternative and  
4 26 renewable energy tax credits regarding a definition of biomass  
4 27 conversion facility, methane gas recovery facility, and solar  
4 28 energy conversion facility, and provides with reference to  
4 29 solar energy that utilities which maintain current solar  
4 30 energy utilization projects may allocate megawatts derived

4 31 from them in satisfying the 5 megawatt requirement.  
4 32 The bill provides that biomass, methane, or solar projects  
4 33 which are originated or utilized to meet the percentage and  
4 34 megawatt requirements shall be eligible for the renewable  
4 35 energy tax credits pursuant to Code chapter 476C without  
5 1 application of statutory maximum capacity restrictions.  
5 2 LSB 5148XS 82  
5 3 rn/rj/5.1